



# House of Representatives

General Assembly

**File No. 373**

*January Session, 2007*

Substitute House Bill No. 7158

*House of Representatives, April 5, 2007*

The Committee on Public Health reported through REP. SAYERS, P. of the 60th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE ESTABLISHMENT OF AN UMBILICAL CORD BLOOD BANK FOR CONNECTICUT RESIDENTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective October 1, 2007*) (a) On or before October
- 2 1, 2008, the Commissioner of Public Health shall contract, through a
- 3 request for proposal process, with one or more public umbilical cord
- 4 blood banks for a public cord blood collection operation within this
- 5 state to collect, transport, process and store cord blood units from
- 6 Connecticut residents for therapeutic and research purposes. The
- 7 commissioner shall award the contract to the umbilical cord blood
- 8 bank whose proposal is most advantageous to the state, as determined
- 9 by the commissioner. No contract shall be awarded under this section
- 10 to an umbilical cord blood bank unless the bank (1) is accredited as a
- 11 public umbilical cord blood bank by one of the national accrediting
- 12 organizations recognized by the federal Health Resources and Services
- 13 Administration, and (2) has demonstrated compliance with applicable
- 14 federal Food and Drug Administration requirements.

15 (b) Any such contract shall contain provisions requiring the public  
 16 umbilical cord blood bank to: (1) Establish and operate one or more  
 17 collection sites within the state to collect a targeted number of cord  
 18 blood units; (2) implement collection procedures designed to collect  
 19 cord blood units that reflect the state's racial and ethnic diversity; (3)  
 20 set up public cord blood collection operations not later than six months  
 21 after execution of the contract, provided the umbilical cord blood bank  
 22 is able to negotiate any necessary contracts related to the collection  
 23 sites within that time frame; (4) participate in the National Cord Blood  
 24 Coordinating Center or similar national cord blood inventory center by  
 25 listing cord blood units in a manner that assures maximum  
 26 opportunity for use; (5) have a program that provides cord blood units  
 27 for research and agree to provide cord blood units that are unsuitable  
 28 for therapeutic use to researchers located within the state at no charge;  
 29 and (6) maintain national accreditation by an accrediting organization  
 30 recognized by the federal Health Resources and Services  
 31 Administration.

32 (c) Nothing in this section shall be construed to preclude a  
 33 contracting public umbilical cord blood bank from requesting an  
 34 investment from this state to support collection, transporting,  
 35 processing and banking of cord blood units, provided a provision is  
 36 included in the contract requiring the public umbilical cord blood bank  
 37 to distribute to the state a proportionate amount of funds generated  
 38 from the sale of cord blood units, either from the public umbilical cord  
 39 blood bank's general inventory or from the inventory of cord blood  
 40 units collected within the state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2007	New section

**PH**            *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Public Health, Dept.	GF - Cost	None	Significant – See Below

Note: GF=General Fund

**Municipal Impact:** None

#### **Explanation**

The Department of Public Health will experience a significant cost, commencing in FY 09, to contract for a public umbilical cord blood bank (UCBB). Costs would vary with the number of cord blood units “banked” per year, the terms of the contractual arrangement regarding the percentage of revenues from the sales of cord blood units to be retained by the state<sup>1</sup>, the number of units sold and the price per unit.

According to a report of the Umbilical Cord Blood Ad Hoc Committee (January 2007), the costs associated with screening, collecting and storing a cord blood unit, as well as associated testing, are typically between \$1,000 and \$1,700 per unit banked. Current thought indicates that in order to be financially viable, a UCBB would likely have to acquire at least 10,000 cord blood units. The Committee further notes that current experience indicates a sales rate of approximately one percent (1%).

For illustrative purposes, the Department of Public Health has provided the following cost analysis, indicating theoretical state costs

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<sup>1</sup> The bill authorizes the agency to include a provision within the contract that requires the UCBB to distribute to the state a proportionate amount of revenues from sales of cord blood units.

over a ten year period. It is assumed for purposes of this analysis that the state would pay the costs of banking 2,000 units per year, at a cost of \$1,000 per unit banked. It is further assumed that one percent (1%) of units will be sold, at a price per unit of \$25,000. It should be noted, however, that the following analysis does not reflect the impact of medical inflation, nor does it include any ongoing storage costs that may be incurred after initial collection of the cord blood units.

Percentage of Sales Price Retained by State:	50%	75%	100%
Year	Cumulative Cost to State	Cumulative Cost to State	Cumulative Cost to State
1	1,750,000	1,625,000	1,500,000
2	3,252,500	2,878,750	2,505,000
3	4,509,975	3,764,963	3,019,950
4	5,524,875	4,287,313	3,049,751
5	6,299,626	4,449,440	2,599,253
6	6,836,630	4,254,945	1,673,260
7	7,138,264	3,707,396	276,528
8	5,456,881	1,185,322	(3,086,237)*
9	3,792,312	(1,311,531)*	(6,415,375)
10	2,144,389	(3,783,416)	(9,711,221)

\*indicates year in which program would net a positive return to the state.

Establishing a public UCBB within Connecticut may facilitate the receipt of indeterminate federal dollars in future years. However, it should be noted that no federal funding is available at this time to support associated start-up costs.

No funding has been recommended within HB 7077 (the Governor's FY 08-09 Biennial Budget) for umbilical blood cord banking initiatives.

### ***The Out Years***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$	FY 12 \$
Public Health, Dept.	GF - Cost*	Significant – See Above	Significant – See Above	Significant – See Above

Note: GF=General Fund

***Municipal Impact:*** None

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**OLR Bill Analysis****sHB 7158*****AN ACT CONCERNING THE ESTABLISHMENT OF AN UMBILICAL CORD BLOOD BANK FOR CONNECTICUT RESIDENTS.*****SUMMARY:**

The bill requires the Department of Public Health (DPH) commissioner to contract with one or more public umbilical cord blood banks for a public cord blood operation in Connecticut for collecting, transporting, processing, and storing blood units from state residents for therapeutic and research purposes. The commissioner must do this by October 1, 2008.

The commissioner must award the contract to the umbilical cord blood bank with the most advantageous proposal for the state. The bank must (1) be accredited as a public umbilical cord blood bank by a national accrediting organization recognized by the federal Health Resources and Services Administration (HRSA) and (2) have complied with federal Food and Drug Administration requirements.

Under the bill, a contracting cord blood bank can ask for a state investment to support cord blood banking activities.

EFFECTIVE DATE: October 1, 2007

**CONTRACT REQUIREMENTS**

Under the bill, the contract must require the cord blood bank to:

1. establish and operate one or more sites in the state to collect a targeted number of cord blood units;
2. implement procedures to collect cord blood units that reflect the state's racial and ethnic diversity;

3. establish public blood collection procedures within six months of contract execution, if the cord blood bank can negotiate any necessary contracts concerning collection within that time frame;
4. participate in the National Cord Blood Coordinating Center or similar national cord blood inventory center by listing cord blood units in a manner assuring maximum opportunity for use;
5. have a program providing cord blood units for research and agree to provide units that are unsuitable for therapeutic use to Connecticut researchers at no charge; and
6. maintain national accreditation by a HRSA-recognized organization.

## **STATE INVESTMENT**

The bill specifies that it should not be construed as precluding a contracting public umbilical cord blood bank from requesting an investment from the state to support collecting, transporting, processing, and banking of cord blood units. But the contract must include a provision requiring the public cord blood bank to distribute to the state a proportionate amount of funds generated from selling cord blood units, either from the bank's general inventory or from the units collected in the state.

## **BACKGROUND**

### ***Umbilical Cord Blood***

The umbilical cord blood contains adult stem cells that can be used to provide a stem cell transplant for patients with various malignancies. Adult stem cells contained in cord blood do not have to be as closely tissue matched as do the adult stem cells obtained from bone marrow and peripheral blood.

### ***Ad Hoc Committee***

PA 06-77 directed the DPH commissioner, in consultation with the Stem Cell Research Advisory Committee, to establish an ad hoc committee to examine and evaluate the feasibility of (1) establishing a

public umbilical cord blood bank for the purpose of collecting and storing umbilical cord blood and placental tissue donated by maternity patients at licensed hospitals in the state, (2) entering into a multi-state public umbilical cord collaboration, and (3) developing a public-private partnership with existing umbilical cord blood banks.

**COMMITTEE ACTION**

Public Health Committee

Joint Favorable Substitute

Yea    27    Nay   0    (03/21/2007)